

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, December 27, 1944, at 10:30 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Draper
Mr. Evans

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on December 26, 1944, were approved unanimously.

Memorandum dated December 13, 1944, from Mr. Bethea, Director of the Division of Administrative Services, submitting the resignation of Mrs. Ida Beach as a charwoman in that Division, to become effective as of the close of business on December 14, 1944, and recommending that the resignation be accepted as of that date.

The resignation was accepted as recommended.

Telegram to Mr. Howard W. Jordan, Pennsylvania Rubber Company, Jeannette, Pennsylvania, reading as follows:

"The Board of Governors of the Federal Reserve System has appointed you director of the Pittsburgh Branch of the Federal Reserve Bank of Cleveland for two-year

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"term beginning January 1, 1945, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Memorandum dated December 26, 1944, from the Personnel Committee, submitting the name of Paul G. Blazer, Chairman of the Ashland Oil and Refining Company, Ashland, Kentucky, for appointment as a director of the Cincinnati Branch of the Federal Reserve Bank of Cleveland and recommending (1) that the Chairman of the Federal Reserve Bank of Cleveland be requested to ascertain informally whether Mr. Blazer would accept appointment with the understanding that it would be necessary to resign his directorship in the Second National Bank of Ashland, Kentucky, and (2) that the appointment be tendered if he would accept.

Approved unanimously.

Telegram to Mr. S. Headley Shouse, Lexington, Kentucky, reading as follows:

"The Board of Governors of the Federal Reserve System has appointed you director of the Cincinnati Branch of the Federal Reserve Bank of Cleveland for two-year term beginning January 1, 1945, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

Telegram to Mr. Ernest Gilbert, Waldron, Michigan, reading as follows:

"The Board of Governors of the Federal Reserve System has appointed you director of the Detroit Branch of the Federal Reserve Bank of Chicago for two-year term beginning January 1, 1945, and will be pleased to have

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"your acceptance by collect telegram."

Approved unanimously.

Letter to the board of directors of the "Bank of Holden", Holden, Missouri, stating that, subject to the conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of St. Louis. The letter also contained the following special comment:

"It has been noted that the bank has outstanding common capital stock of \$50,000 which is in excess of the figure at which the stock is shown on the books of the bank. In this connection the Board feels that the bank should, as soon as practicable, take such action within its power as may be necessary to cause the common stock to be shown at its par value. Such adjustments may be effected through conservation of earnings of the bank, through reduction of its outstanding common capital stock, if and when such a reduction may be accomplished under the applicable provisions of State law, or through such other means as may be within the power of the bank."

Approved unanimously for transmission through the Federal Reserve Bank of St. Louis.

Telegram to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, stating that, subject to conditions of membership numbered 1 to 3 and the following special condition, the Board approves the application of the "Security State Bank, Harlem, Montana", Harlem, Montana, for membership in the Federal Reserve System and for the

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appropriate amount of the stock in the Federal Reserve Bank of
Minneapolis:

- "4. Such bank shall increase the number of its directors to not less than five, the minimum number required in the case of all member banks under the provisions of section 31 of the Banking Act of 1933, as amended."

The telegram requested that the Federal Reserve Bank advise the applicant bank of the Board's approval of the application and conditions of membership prescribed, together with necessary instructions as to the procedure for accomplishing membership, and stated that a letter containing detailed advice regarding such approval would be forwarded to the applicant bank through the Reserve Bank. The telegram contained the following additional statement:

"In connection with condition of membership numbered 4, it has been noted that the bank has agreed to increase the number of its directors to five at its next annual stockholders' meeting to be held in January 1945. With the understanding that the matter will be attended to at that time, the Board will not object to the admission of the bank to membership with only 4 directors."

Approved unanimously.

Letter to Mr. Flanders, President of the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to your letter of December 1, 1944, submitting for the consideration of the Board the proposal of the Newton Trust Company, Newton, Massachusetts, to increase its common capital through issuance of 24,000 additional shares at \$10 par, acquire assets and assume

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"the liabilities of The Waltham National Bank of Waltham, Waltham, Massachusetts, remove its head office to Waltham, maintain the seven branches now operated in Newton as well as the branch now operated by the national bank in Waltham, and establish an additional branch in Newton at the site of the present head office.

"In accordance with your recommendation, the Board will interpose no objection to completion of the transaction involving increase in capital and change in name and location of the Newton Trust Company and acquisition of assets and assumption of liabilities of The Waltham National Bank of Waltham substantially as proposed; and approves the continued operation of the seven branches now maintained by the Newton Trust Company in Newton, also the establishment and operation of an additional branch in Newton, provided that prior approval of the appropriate State authorities is obtained and Counsel for the Reserve Bank is to be satisfied as to the legal aspects involved.

"In your telegram advising us of completion of the transaction, please give the exact wording of the new corporate title of the bank."

Approved unanimously.

Letter to Mr. Clark, Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

"This refers to your letter of December 1, 1944, transmitting a copy of a letter which you received from Mr. J. W. Shands, President of the Atlantic Trust Company, Jacksonville, Florida, requesting that you submit to the Board for its approval a proposal to retire the remaining \$25,000 of 6 per cent cumulative preferred stock of the trust company.

"Although it is apparent that funds with which this retirement will be made will have been received mainly from dividends of subsidiary banks, there is no evidence that the banks have been, or will be, required to pay abnormal dividends to effect the retirement. In view of the circumstances, and in view of the favorable recommendation contained in your letter, the Board will interpose no objection to the proposed retirement of

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"the remaining preferred stock of the Atlantic Trust Company."

Approved unanimously.

Letter to the Presidents of all of the Federal Reserve Banks reading as follows:

"Reference is made to the Board's letter S-804 concerning monthly reports of Regulation V loans on Form F.R. 581. Inasmuch as the figures on the subsidiary reports covering V and VT loans should remain constant, it will not be necessary to furnish reports covering V and VT loan applications at the end of each month. Accordingly, after the December 31, 1944 report, the subsidiary reports for V and VT loans may be omitted, though the figures will, of course, be included in your combined reports for subsequent months."

Approved unanimously.

Letter to Mr. L. W. Knoke, Vice President of the Federal Reserve Bank of New York, reading as follows:

"On February 24, 1944, in response to your request of February 17, the Board increased to \$1,000,000,000 the authority given your Bank to purchase United States Government securities for the account of foreign central banks and governments. The approximate amount then held by you was \$709,000,000 which has subsequently increased to \$956,723,000 according to information currently furnished us.

"Since April 1937, when limitations were first established, conditions have changed considerably and it no longer appears necessary to continue limitations on the amount of securities you are authorized to purchase and hold for foreign accounts. In lieu thereof, it is requested that, as at present, the Board be informed of the total investments held by you in custody for foreign accounts, and that you advise the Board when you have reason to think that the amount is excessive or for any reason requires special consideration or action."

Approved unanimously.

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Letter to Honorable Henry L. Stimson, Secretary of War, reading as follows:

"We understand that a report was prepared by the SHAEF Mission to Luxembourg on the 'Luxembourg Currency Conversion' around the middle of November of this year. The Board of Governors would much appreciate receiving a copy of this report.

"It is also the Board's understanding that a considerable volume of material relating to banking, currency, exchange, and other financial matters is now being sent to the War Department from its Civil Affairs and other officers abroad. This material is of the greatest interest to the Federal Reserve System since international financial arrangements affect to a major degree the ability of the System to discharge its monetary and credit responsibilities. In addition, as you know, the Federal Reserve System, at the request of the War Department, has been engaged for some time in preparing the Money and Banking sections of the Civil Affairs Handbooks, to which such data are directly relevant. It would be extremely helpful if arrangements could be made for us to receive this material as it comes to the War Department.

"If agreeable, it is suggested that the name of Walter R. Gardner, Chief of the International Section in our Division of Research and Statistics, be placed on the list of those accredited to receive such reports regularly."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morley
Secretary.

Approved:

Donald Stimson
Vice Chairman.